



Committed to the future of rural communities.

Guaranteed Loan Servicing

A timeline guide for lenders

Lenders are expected to service GRH loans the way they would service their loans that are not guaranteed.

- Collect payments as they come due
- Establish and maintain an escrow account for taxes and insurance
- Comply with the loan agreement

Dealing with DEFAULTS

20 Days Past Due

Make contact with the borrower to assess their current situation.

Is this a temporary set back, or do we need to pursue a loan modification, repayment agreement, forbearance, etc.

60 Days Past Due

Personal contact must be accomplished.

Certified letters, phone conversations, and visits to the property to determine occupancy should be pursued. There are numerous work-out options that Rural Development will support in order to allow the borrower every opportunity to retain the home.

90 Days Past Due

Time just ran out! Report borrower delinquent to credit repositories.

Borrower should be strongly encouraged to consider loan modification, deed-in-lieu, or short sale. Otherwise foreclosure proceedings shall be initiated at this time. A Servicing Plan must be submitted to Rural Development prior to approving deed-in-lieu, loan modifications, or short sale.

- LOG ON: www.rurdev.usda.gov/il/grh.htm
- Under "Servicing/Loss Claims" Print "RHS Loan Servicing Plan" Page 22 of the Loss Mitigation Handbook
- Fax to IL State office, or your local Rural Development office

Foreclosure Timeframes

1. Property Disposition Plan submitted to Rural Development within 30 Days of REO possession
2. Loss Claim submitted within 30 days of sale of REO property OR
3. Loss Claim submitted when after 6 months property is unsold

All of the necessary forms are also found under "Servicing/Loss Claims" on the website.

For more information contact:

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